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SUBJECT: TOURISM UNDER SECRETARY TALKS OPEN SKIES,  
HURRICANES, AND ALTERNATIVE TOURISM

#### Summary and Introduction

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¶1. (SBU) On September 10, EconCouns and EconOff met with Mexican Undersecretary for Tourism Operation, Francisco Madrid Flores, and Director General of Regional Programs, Juan Carlos Arnau Avila. When Econoffs noted the benefits of a U.S.-Mexico open skies deal Flores said pre-clearance for passengers at Cancun would go further in increasing the number of tourists to Mexico than an open skies agreement. He noted the Secretariat of Tourism (SECTUR) had developed a strategy to prepare the industry for the next major hurricane. He also described how, as part of President Calderon's National Development Plan, the National Tourism Program seeks to increase alternative tourism.

#### We Say Open Skies, They Say Pre-Clearance

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¶2. (SBU) Responding to EconCouns suggestion that a U.S.-Mexico open skies deal could spur tourist arrivals, Flores said that Mexico does not need open skies to facilitate air travel for tourists. Major tourism destinations have a sufficient number of flights, and the Mexican government is open to designating additional city pairs when necessary. He countered that having a U.S. Customs and Immigration pre-clearance facilities in Mexico, specifically in Cancun, would help increase tourist arrivals much more than an open skies agreement. (Note: Embassy has previously submitted a diplomatic note detailing all the requirements necessary to move forward with pre-clearance discussions. The GOM has not responded to the diplomatic note, and further discussions await Mexico's response.)

#### Hurricane Preparedness

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¶3. (U) Flores explained that following the 1985 earthquake, the government of Mexico (GOM) decided to focus on prevention, in dealing with large disaster scenarios to avoid the casualties and destruction that occur when governments are left unprepared. The GOM created a national system of civil protection groups to manage disaster relief efforts and ensure that all pertinent federal and local agencies are aware of disaster plans. The hurricane group is under the

auspices of the Secretary of the Interior and meets to discuss plans of actions depending on the predictions for any incoming storm. SECTUR is a member of the hurricane group and has a position that varies depending on the possible effect on tourism.

¶4. (U) Flores admitted that SECTUR does not have local offices and is limited in what it can do on the ground in the event of a hurricane. The main function of SECTUR's participation in the hurricane group is to disseminate information to the tourism industry. They also work closely with the Secretariat of Communications and Transportation to stop air passengers from arriving and encourage evacuation. Flores said that this was a lesson learned from previous hurricanes where airlines continued to bring in passengers or stopped outgoing flights stranding evacuating passengers.

¶5. (U) Flores explained that SECTUR runs training programs to assist members of the tourism industry in preparing for a hurricane and keeps abreast of private company plans. SECTUR has also helped to organize programs for tourists in effected regions. For example, in the event of a storm in the southern Yucatan, guests will be able to board pre-contracted buses to vacant hotel rooms in the northern Yucatan, and vice versa. Additionally, the Chief of Staff's office in SECTUR, along with the Secretariat of Foreign Relations, is in charge of communicating with foreign embassies to provide information. This linkage is important because, despite evacuations, some tourists will remain in affected areas. Flores said that European tourists stranded in the event of a hurricane presented the most difficult challenge because long flight times mean that changes to flight plans were difficult and tourists could arrive to find a situation much worse than expected at departure from their

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home countries.

¶6. (U) Flores stressed that the GOM is prepared for this, and future hurricane seasons. He believed SECTUR had gained credibility over the years and tourism companies listened to and abided by plans of action when announced, including requests for evacuations and closures. Cancun hotels specifically were well prepared and have successfully taken care of tourists, including during 2005's hurricane Wilma where the long duration of the storm challenged the viability of even the most well laid pre-storm plans. According to Flores, hurricanes Wilma and Dean and west coast tropical storm Henriette have all been recent tests of preparedness that the country has, for the most part, successfully passed.

#### Tourism Diversification

¶7. (U) Mexico's tourism industry is diversifying. Though Mexico has generally been viewed as a "sun and beach" destination despite its rich cultural and ecological heritage, the GOM is trying to encourage investment in colonial areas and natural parks to attract "alternative tourism." There are 14 government agencies that are involved in "rural tourism" and part of SECTUR's current drive is to unite these agencies to develop infrastructure and promote these locations as alternative to the beach.

¶8. (U) Promoting alternative tourism is also a key component in President Calderon's National Development Plan (NDP). Tourism diversification will feature prominently in the National Tourism Program, due to be released in mid-to-late November. Small and medium size companies involved in cultural and environmental tourism provide needed employment in underdeveloped regions, especially the South and help "maintain the atmosphere" that is vital for successful alternative tourism. At the same time, new job creation in the tourism industry is cheap compared to other industries. A new job in the Mexican tourism industry costs between

15,000-20,000 USD of investment while a new job in manufacturing could costs 5-10 times as much.

¶9. (U) The GOM assists small companies using a three-part program. SECTUR promotes company professionalization by teaching customer service skills and providing consultants to help the companies develop. They also help locating public and private financing for the firms. Additionally, the GOM facilitates the opening of new small tourism businesses by streamlining the approval processes to as little 72 hours.

Comment

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¶10. (SBU) While we were disappointed by Flores' dismissal of the benefits of open skies, the proposed sale of Aeromexico, the remaining state-owned airline, may provide an opening for more active Embassy advocacy. SECTUR and the GOM do appear prepared to help achieve President Calderon's desire to make Mexico one of the 6 major tourism destinations by the end of his sexenio. While that goal is nearly impossible given the other priorities that the Calderon administration must handle, an increase in alternative tourism will help the mostly poor Mexicans who live in off-the-beaten-path locations that are perfect for this type of tourism development.

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